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FOR TRAFFIC & TRANSPORTATION DECISION

RECIPROCAL SWITCHING

SEC. 223. Section 11103 of title 49, United States Code, is amended by adding at the end thereof the following new subsection:

"(c)(1) The C[illegible]ion may require rail carriers to enter into reciprocal switc[illegible]ements, where it finds such agreements to be practicable a[illegible]ublic interest, or where such agreements are necessary t[illegible]petitive rail s[illegible]e. The carriers entering into such [illegible] conditions and compensation [illegible] the carriers cannot agree[illegible]ithin a reasonable p[illegible] tions and co[illegible]

"(2) The[illegible] entered [illegible] provisio[illegible] thereb[illegible]

SEC. 224. (a)(1) S[illegible] repealed.

(2) S[illegible] strikin[illegible]

(b) S[illegible] this [illegible] follo[illegible]

disc[illegible] tion [illegible] transp[illegible] subcha[illegible] rolling[illegible] apply t[illegible] paragr[illegible] it find[illegible] furthe[illegible]

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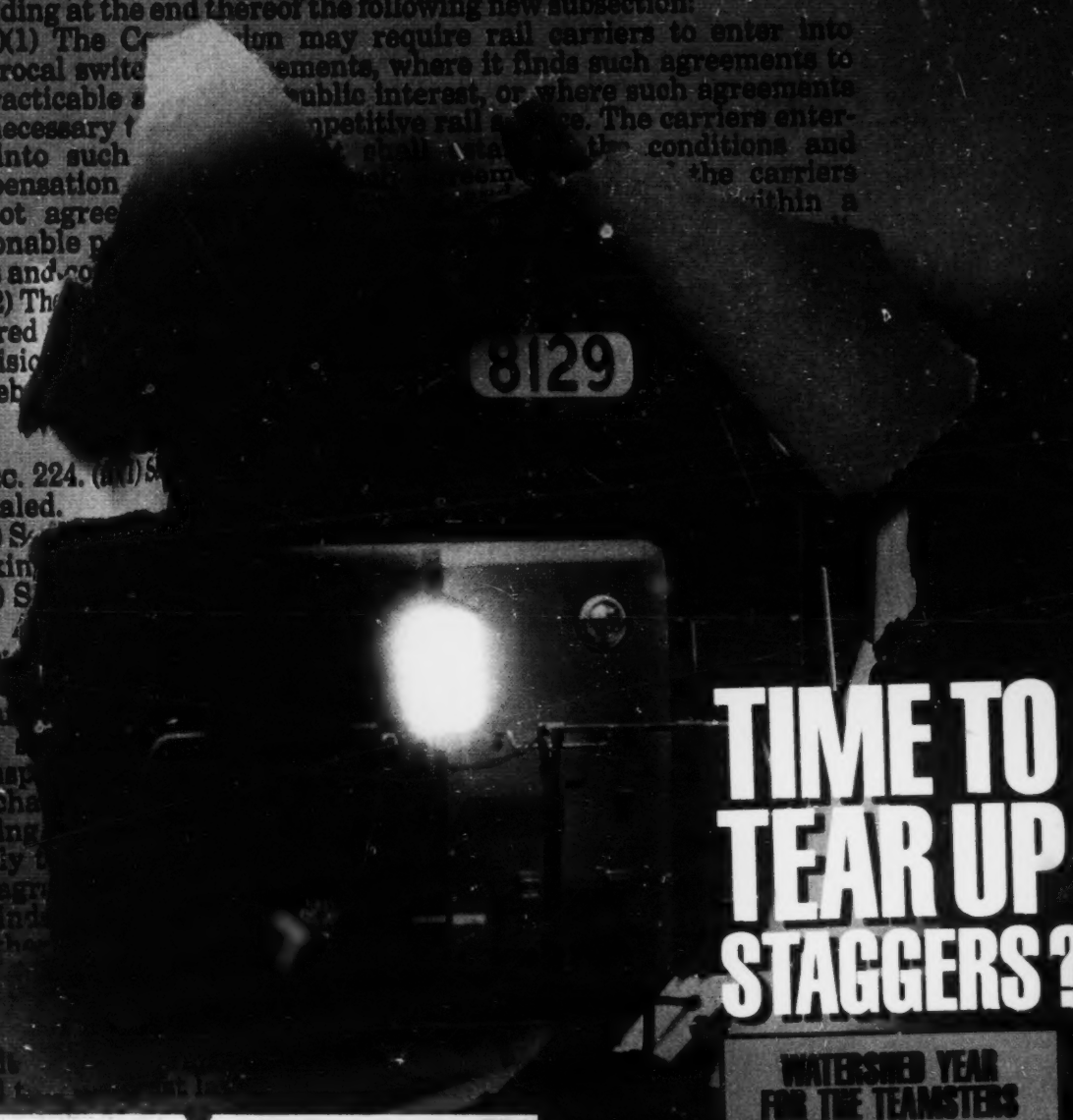

TIME TO TEAR UP STAGGERS?

WATERSHED YEAR FOR THE TEAMSTERS

MICROS IN WAREHOUSING

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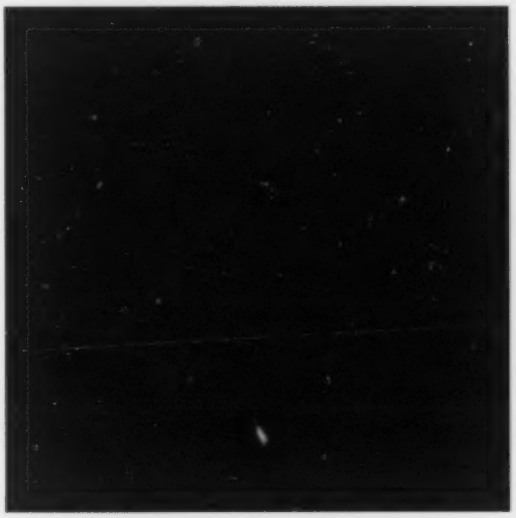

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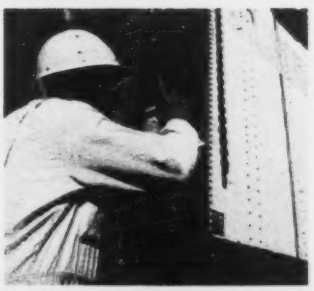

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DIALOGUE

In January we predicted it would be a year of major importance legislatively. Your reaction to our call for a message to Washington indicates that lawmakers still have a lot to think about on matters of deregulation, taxation, antitrust, and more.

"The Staggers Act is working. It is too soon to consider any changes. Antitrust immunity should be removed in total for carriers and their rate bureaus. What has been removed has created a better environment."**—A.S. Daviau, director of corporate transportation, Bristol-Myers Co., New York.**

"Washington and the state and local governments should have no role in transportation—no subsidies, no regulation, no price controls, no municipal systems. The State impedes development of the economy and protects the strong at the expense of the weak. It must end."**—Richard A. Cooper, traffic manager, Spectronics Corp. Westbury, N.Y.**

"Stop proliferation of ICC authority and do something about insurance costs to trucking firms."**—E.L. Frank, president, Transportation Services Unlimited, Elk Grove, Ill.**

"Highway and fuel taxes should be reduced with the reduction of infrastructure repairs."**—J. Siekis, traffic manager, Jet Spray Cooler Co., Norwood, Mass.**

"With complete intermodal deregulation around the corner, some type of antitrust strength must remain to prevent a complete takeover of the transportation industry by the giant transportation companies."**—Sanford Foreman, vice president, A. Cesana & Assoc., Inglewood, Calif.**

"Leave the Staggers Act alone. It's working just fine."**—R.N. Sohor, distribution manager, Rose Holland House, Inc., Ridgefield, N.J.**

"Deregulation has worked. Sunset the ICC. Let the shippers and carriers control the industry. We can handle it."**—Jim Ammons, traffic manager, Baddour Inc., Memphis, Tenn.**

"Do not rush into reregulation; make sure all areas are thoroughly investigated before changes are made. Listen to all those concerned."**—Donald A. Nichols, distribution manager, Guardian Industries Corp., Carleton, Mich.**

"Deregulation is going too far. We are back to 1887. Some form of regulation will emerge in the future through necessity."**—Shin Ohashi, traffic manager, Del Mar Co., Westminster, Calif.**

"Let's end all economic regulations. The only regulations should be in

continued

QUESTION OF THE MONTH

Are ocean carriers crying wolf? While they moan about depressed outbound cargo levels and the difficulty of surviving in an increasingly overtonnaged business, many lines have embarked on programs to build even bigger vessels.

What do shippers see as the long-term effects of the overcapacity/newbuilding dilemma? Will they reap bargain freight costs as carriers cut the rug out from under each other? Or, are there hidden trap doors for shippers, which might soon drop open?

And what of the recently announced TWRA "superconference"? (p. 47) It shows that steamship lines—stung by the "emasculation" of the Shipping Act, lack of export cargo, and a surplus of capacity—are taking some drastic steps to fill their coffers. But are those coffers really that depleted? Are carriers really struggling to survive, or are they just attempting an end run around considerations granted shippers by the 1984 Shipping Act?

Are the ocean carriers' woes worthy of compassion, or scorn? Let us know how you feel on the Dialogue card below.

DIALOGUE

• I think the recent pricing maneuvers that carriers say are intended to balance inbound and outbound ocean rates are: _____justifiable _____an attempt at monopolistic pricing

• If conference carriers banded together to significantly raise their rates, I would: _____ship with independents _____negotiate service contracts _____stick with my regular carrier regardless

• Should struggling carriers be kept afloat by subsidies, or be allowed to sink—even if it means a decrease in competition? _____subsidize; we need competition _____if they can't make it, let 'em sink

• What's more important: loyalty to a carrier, or a cheaper freight rate? _____loyalty _____rate

• With regard to the trend toward jumbo containerships, I am: _____in favor of the trend _____not in favor of the trend _____don't really care

• When negotiating a rate, shippers should show concern for the financial health of the carrier. _____I agree _____I disagree

Here's what I say to ocean carriers who want to establish minimum rate levels to combat overcapacity

_____

_____

_____

_____

_____

OPTIONAL:

_____

NAME (print) TITLE

_____

COMPANY PHONE

_____

ADDRESS

_____

CITY STATE ZIP

FIGURES IN SPEECH

(Quotes from transportation and distribution notables that caught the ears of DISTRIBUTION Editors while covering the industry meeting and seminar circuit:)

"The combined effect of a changing business environment and the new, more sophisticated ownership, has contributed to a basic change in management philosophy within motor carrier companies. Traditionally, motor carriers' management gave primary emphasis to operational problems and cost control. While cost control is still important, problem solving today focuses more on the market than the operation. In other words, motor carriers today realize the importance of market-driven price and service strategies as a key ingredient to success."—**Michael P. Coyle, director of market planning, ARA/Smith's.**

•

"At the stste level, in 1979, 10 states raised their fuel tax. Of these raises, eight were increases of one cent each and two were increases of two cents. In 1983, 27 states raised their fuel tax, with some of the raises for five and six cents. In 1984 Louisiana showed it knew how to go for the gusto. It doubled its fuel tax from eight to sixteen cents at one shot."—**Thomas A. Callaghan, Jr., executive director, Alliance for Simple, Equitable and Rational Truck Taxation.**

the areas of safety and environment. Let transportation be subject to the general antitrust laws."—**Larry Olsen, senior traffic analyst, J.C. Penney Co., New York.**

"While deregulation has provided carriers and shippers with excellent opportunities for improving the efficiency and cost of freight movement, the small shippers must be assured of an infrastructure that will protect them from high cost and inadequate service."—**Glen E. Schneider, transport manager, Robinson's of Florida, St. Petersburg, Fla.**

"We need national registration of trucks. Let's get away from 50 individual dynasties, ruled by local politicians with little regard for the economy of the nation."—**Unsigned.**

"Full carrier liability for loss and damage must be retained or restored. Shippers should have a guarantee of full liability unless they choose an option."—**James H. Putman, claims supervisor, Abbott Laboratories, North Chicago, Ill.**

"If corrective legislation isn't passed soon, we will find ourselves with the problems that started regulation in the Thirties—a few large carriers catering to a few large shippers and the rest getting whatever is left."—**Marshall Gordan, controller, Pave-Mark Corp., Atlanta.**

"Let's try a two-year moratorium on lobbying for any new legislation or similar efforts. Let's really give the free marketplace a reasonable try."—**R.A. Christman, director of customer service and distribution, Mobay Chemical Corporation, Pittsburgh.**

A MESSAGE TO YOUR CONGRESSMAN

The deregulation movement is complete	17%
More work needs to be done	77%
The areas most badly in need of attention are:	
sunsetting the ICC	58%
highway and fuel taxation	56%
the Staggers Act	39%
antitrust and merger issues	36%
The areas Washington should leave alone are:	
the Staggers Act	33%
sunsetting the ICC	19%
antitrust and merger issues	19%
highway and fuel taxation	16%
Planning to be involved in shipper lobby groups	33%
Not planning involvement in shippers groups	25%

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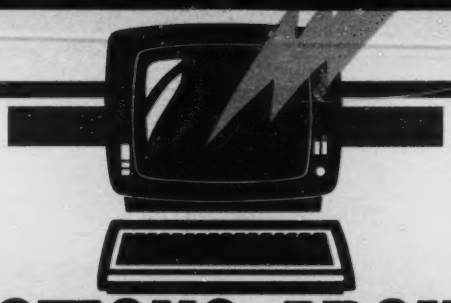


MIXED EMOTIONS ABOUT MICROS

A study finds more warehousers operating without computer power than with it. And the future isn't exactly charged with electricity.

The Distribution & Warehousing column in our January issue presented a glimpse at a recent study of microcomputer use in warehouse operations ("Priming the Computer Pump," p. 76). The study was conducted by two professors at Shippensburg (Pa.) University and an executive vice president of the Distribution Centers, Inc. warehousing chain. Here are the results of the study in detail:

Despite advances in microcomputer technology, the adaption of microcomputers to warehousing applications has been less extensive than many would expect. This article reports on the findings of a survey involving 162 warehousers, 70 of whom are currently using microcomputers, and 92 of whom are not.

Specifically, this article addresses the following questions:

- What are the most common applications among respondents that currently use micros?
- How satisfied with micros are current warehouse users?
- What are the potential applications as seen by those respondents that are not currently using microcomputers in warehousing?
- Why are warehousing non-users not currently using micros?
- To what extent is microcomputer usage likely to increase in warehousing applications?
- What role are microcomputers likely to play in warehousing?

A questionnaire was administered to Warehousing Education and Research Council (WERC) members at local WERC Council meetings in several cities. The questionnaire was also presented to members of the National American Wholesale Grocers' Association (NAWGA) at various NAWGA workshops.

ABOUT THE AUTHORS

Gary R. Armstrong is assistant professor of business information systems at Shippensburg University. William G. Sheehan is executive vice president of Distribution Centers, Inc., Westerville, Oh. Michael A. McGinnis is professor of marketing and transportation at Shippensburg University.

Ninety-six usable questionnaires were obtained from WERC members of which 44 (45.4 percent) were from current users of microcomputers and 52 (53.6 percent) were from non-users at the time of the survey. The NAWGA group accounted for 26 (38.8 percent) users of microcomputers and 40 (59.7 percent) non-users. The combined groups represented 70 users and 92 non-users of micros.

A list of 11 warehousing-related activities were presented to those individuals currently using microcomputers to determine those areas most commonly performed on microcomputers. Chart 1 shows that performance, reporting, budgeting, and labor-hour reporting were the most popular functions now being computerized. Those applications found to be least adaptable to the microcomputer were: order sequencing/scheduling, maintenance management, workshop planning/scheduling, and order entry processing.

Chart 2 indicates that current users are most satisfied with what they are getting for their investment, and least satisfied with software performance. Hardware performance, ease of use, and system expandability appeared to be adequate in meeting the current users' needs. Although generally satisfied with software performance, only about half of the respondents (54.7 percent) considered software performance to be "good" or "excellent."

Those Who Don't

Warehousing respondents who were not currently using a microcomputer were asked to evaluate the same list and indicate those warehousing activities which they expected to perform on a microcomputer in the future.

Chart 3 indicates that labor-hour reporting, performance reporting, and inventory control were found to have the greatest expected usage. Those activities expected to be least applied to the microcomputer were order entry processing, order sequencing/scheduling, and office automation. Non-users of microcomputers were asked to identify their reasons for not using the microcomputer. Chart 4 shows that the lack of specific need by non-users received the greatest response. The capability and cost of personal computers appear to have little bearing on micro non-use.

Three reasons may account for microcomputer non-use. First, some non-users may be using manual systems to satisfy their data processing needs. Second, other microcomputer non-users may be using the mainframe computer and have no need to move

continued

into microcomputers at this time. Third, there may be a lack of knowledge as to what warehousing software is available.

Surveying the Future

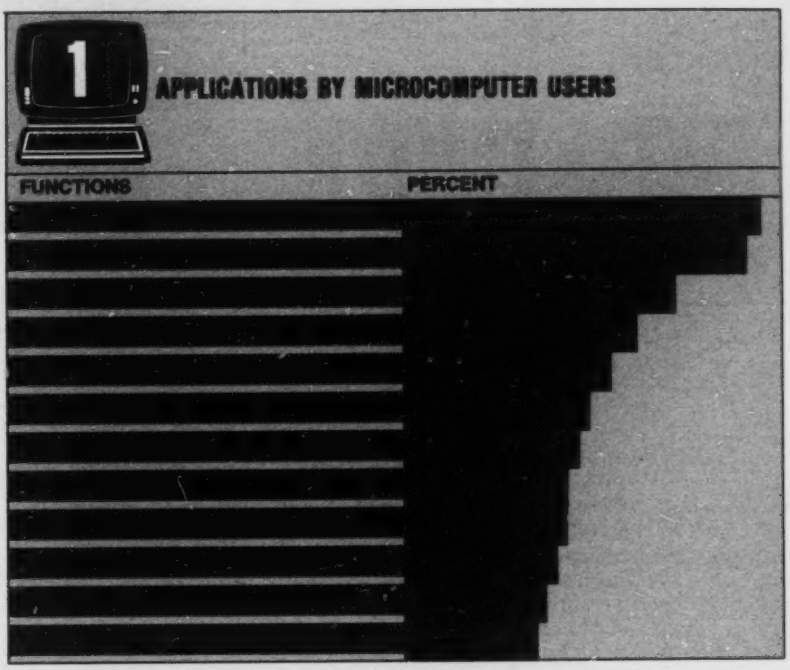
The acceptance and integration of microcomputers in warehousing might best be measured by the degree of which users and non-users project future utilization.

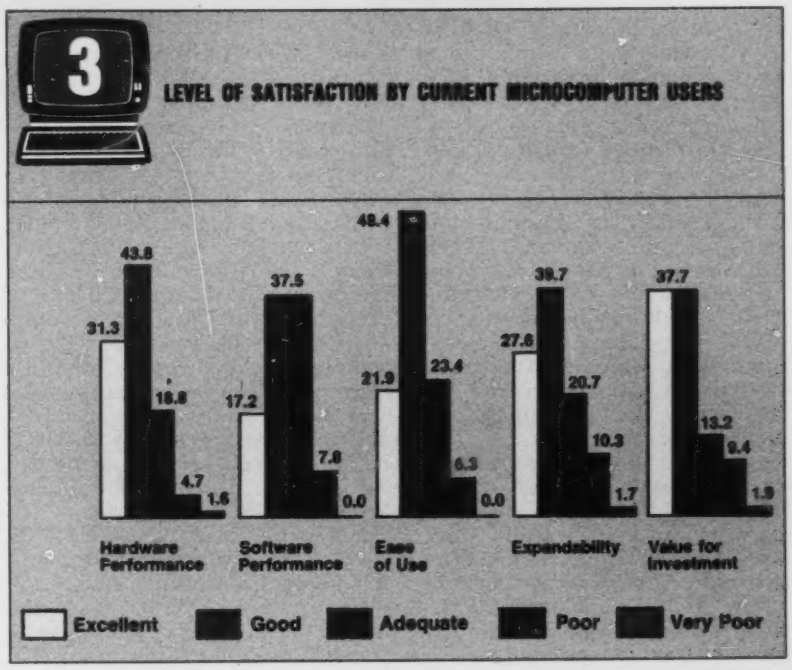
Non-users were asked about their plans for using microcomputers in the future. While 75 percent of the non-users indicated they were anticipating using microcomputers for warehousing activities sometime in the future, almost half (43 percent) said they had plans to use them within the year. Only 10.6 percent of the non-users lacked any plans for future use of microcomputers.

All respondents were asked to identify the microcomputer implementation trends within their company as well as with the warehousing industry in general. The respondents indicated greater anticipated industry utilization of microcomputers within six months (84.8 percent) compared with their in-house use (69.5 percent). Respondents also indicated a greater planned usage within the warehousing industry in general (78.7 percent) compared with their own in-house applications (69.5 percent) over a year's period.

This finding suggests that the adaptation of microcomputers in warehousing will occur at a slower rate than generally expected.

The rate of microcomputer implementation in one's organization was viewed as significantly higher by users (91.2 percent) than by non-users (69.2 percent) within the six-month category, as well as within a year's time (95.2 percent vs. 76.8 percent). This finding suggests that the microcomputer usage gap between current users and current non-users will continue to widen.



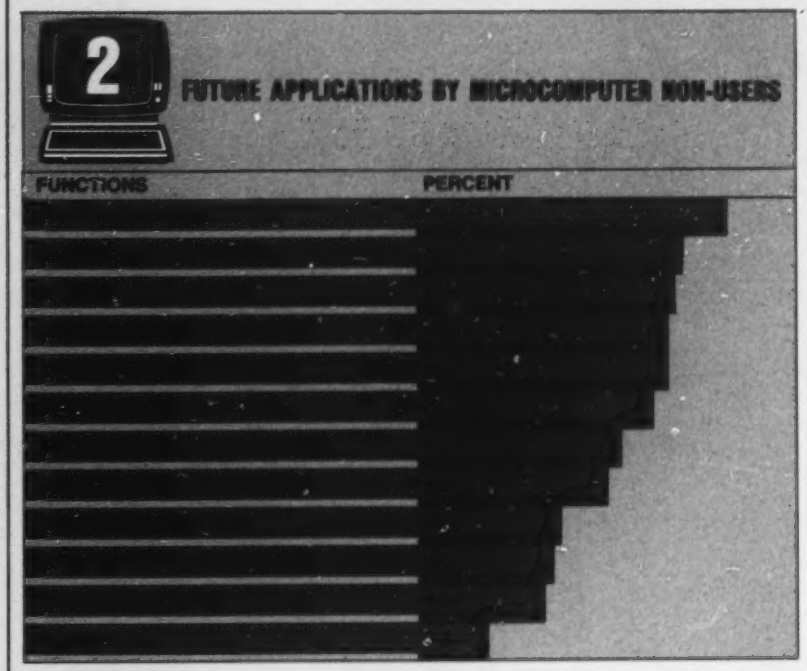


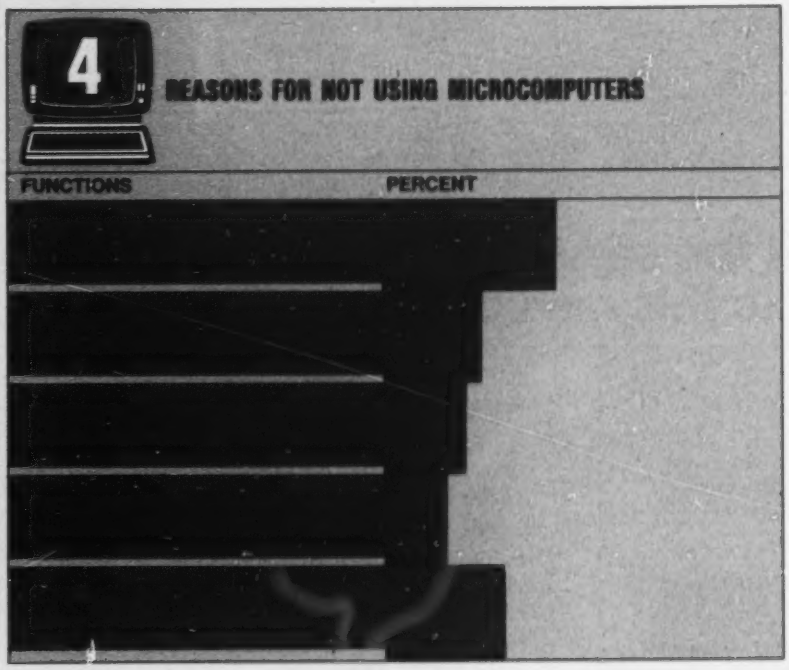
What Makes Users Tick

The analysis of the data seems to support four issues affecting the use of microcomputers in warehousing. They are:

- the amount of data processing that is performed by mainframe computers at the organization's central site;
- the extent that data gathering, analysis, and control is best performed at the individual workstation level;
- the extent that data is needed by multiple departments; and
- the level of microcomputer usage at the present time.

Firms that are currently using mainframe computers for much of their data/information-processing needs will probably be slower to adopt microcomputers (or expand the applications of existing microcomputers). In particular, order-entry processing, order se-





quencing/scheduling, maintenance management, and standard data processing are examples of applications that may lend themselves to mainframe computer processing. Warehousing operations that emphasize centralization of these applications will have less incentive to use (or increase their usage) of micros.

Microcomputers are most useful in applications where data gathering, analysis, and control is best performed at the workstation level. Labor-hour reporting, performance reporting, and inventory control are warehousing activities that lend themselves to workstation management.

A third issue affecting microcomputer usage is the extent that data is used by multiple departments. This is suggested by the limited differences that appeared between WERC and NAWGA respondents to this study. In addition to having a somewhat greater usage of microcomputers, the WERC respondents were more likely to be using micros for inventory control, location tracking, and order entry processing.

NAWGA respondents, on the other hand, were using microcomputers somewhat less, and were more likely to use them for performance reporting, budgeting, and labor-hour reporting.

These findings suggest that the WERC respondents work for firms that are more diversified with warehousing operations that are less integrated; therefore, they may be more likely to be dealing with lower-demand goods, and their warehousing may be performed in small cooperations or at decentralized locations.

The NAWGA respondents may see less potential in microcomputers due to a greater degree of centralization and mainframe usage, because of their high-volume, standardized, product lines.

The fourth issue that affects microcomputer usage in warehousing is the extent of current microcomputer usage. As discussed earlier, 43 percent of the non-users had plans to use microcomputers within one year. This finding suggests that over half (57 percent) of the current non-users do not have immediate plans to use microcomputers in warehousing. This finding suggests the future microcomputer growth in warehousing may be slower than generally expected.

The use or non-use of micros does not seem to be a function of equipment or software availability, or of a respondent's awareness of appropriate software. But an important issue does seem to be the user's ability or willingness to perform applications on a microcomputer. Non-users may have yet to identify those applications which may best be performed at the local workstation level. ★